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RUEHLO/AMEMBASSY LONDON 1103  
RUEHMO/AMEMBASSY MOSCOW 0274  
RUEHNY/AMEMBASSY OSLO 0136  
RUEHFR/AMEMBASSY PARIS 0159  
RUEHGP/AMEMBASSY SINGAPORE 0400  
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C O N F I D E N T I A L SECTION 01 OF 03 DOHA 000518

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SUBJECT: QATAR INVESTMENT AUTHORITY, PART ONE: HISTORY AND  
STRUCTURE

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Classified By: CDA Michael A. Ratney for Reasons 1.4 (b) and (d).

[¶1.](#) (SBU) Summary: The Qatar Investment Authority (QIA) - one of the newest and most secretive Gulf Sovereign Wealth Funds (SWFs) - seeks to diversify Qatar's economic holdings away from hydrocarbons and a reliance on dollar-based assets. Formally established only in 2005, the fund is valued by private analysts at over USD 60 billion. Prime Minister/Foreign Minister Hamad Bin Jassim Al Thani (HBJ) is the fund's CEO and primary decision-maker, while Executive Board Member Dr. Hussein al-Abdulla is responsible for day-to-day management of the organization. QIA consists of three major divisions: asset management, strategic and private equity, and real estate.

[¶2.](#) (SBU) Separating fact from fiction is challenging, due to the QIA's culture of secrecy and its CEO's penchant for pursuing and making deals outside of the fund's formal structure. This report is the first in a series of three which will also examine QIA's assets and investment strategy, and its future plans and leaders' views on SWF guidelines. These reports are assembled from Emboffs' meetings with various QIA employees over the past year, and information gathered from other contacts and press reporting. End Summary.

#### A Short History

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[¶3.](#) (C) The QIA was formally established in 2005 as a separate entity. Prior to that, the Ministry of Finance (MoF) had a small in-house staff to invest revenue from budget surpluses. The staff was still physically located at the MoF until fall 2007 when they formally relocated to dedicated office space in Doha's Q-Tel tower. Robert Cheberiak, a Certified Financial Analyst (CFA) who has worked for the QIA since its establishment, told us that the organization is still shedding its public sector heritage as it tries to become more of a commercial entity by developing its own internal administration and risk management procedures.

[¶4.](#) (C) The QIA is inexperienced compared to other SWFs, and has a penchant for more risky and high-profile investments than its conservative Gulf counterparts. The QIA made

headlines over the past year with a string of high-profile acquisitions and bids, most notably its unsuccessful attempt to purchase a majority stake in British supermarket chain J. Sainsbury's and its acquisition of stakes in Barclays Bank, Credit Suisse, and the London Stock Exchange. The QIA's unsuccessful USD 21 billion bid for Sainsbury's was a public embarrassment for the fund. While the press portrayed the collapse of talks as a result of differences with pensioners, al-Abdulla told Emboffs that it was actually due to insufficient bank financing for the deal.

#### Structure and Who's Who

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15. (SBU) The Heir Apparent, Sheikh Tamim Bin Hamad Al Thani, is the Chairman of QIA, though he seems to function as a figurehead. Prime Minister and Foreign Minister Hamad Bin Jassim Al Thani (HBJ) is the Vice Chairman and CEO. Executive Board Member Dr. Hussein al-Abdulla functions as the day-to-day manager of the fund. QIA has a six-member Investment Committee (Board) comprising Sheikh Tamim, HBJ, al-Abdulla, Central Bank Governor Sheikh Abdulla Bin Saoud Al Thani, Minister of Finance and Economy Yousef Hussain Kamal, and Chairman and Managing Director of Al-Khaliji Bank, Tariq Al-Malki.

16. (C) The board meets quarterly and, according to our contacts, provides overall direction but avoids micromanagement of most specific investments. This is not true, however, for HBJ who is heavily involved in many deals. By all accounts, HBJ has the most extensive influence over the fund, and QIA investments are sometimes made in parallel with investments of his extensive personal wealth. HBJ's

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personal staff also review opportunities and coordinate deals; one QIA advisor named John al-Khair apparently functions as an assistant to HBJ for personal and official deals. Mansoor Al-Mahmoud, the nephew of Minister of State for Foreign Affairs Ahmed Al-Mahmoud, serves as the director of HBJ's office in his QIA CEO capacity.

17. (SBU) From a small staff of only a couple dozen in 2005, the QIA has expanded to about 140 employees. Various contacts have told us that the QIA wants to limit further staff growth, since the leadership is interested in managing money, not people. QIA does not want to follow the model of the Abu Dhabi Investment Authority and other funds with large teams of managers.

18. (C) QIA consists of three major divisions: asset management, strategic and private equity, and real estate. The division directors are generally shy about meeting with Emboffs and will defer appointment requests to al-Abdulla or other senior staff. As a result, we know little about them and their philosophies. Martin Harrison is head of the fund's asset management section, which makes up 60-70 percent of the staff. The division has six separate pools of capital overseen by about 15-20 managers. These managers are given different performance targets and risk profiles. They invest in all asset classes, including hedge funds, fixed income, and real estate. According to one contact, there is a growing interest in alternative asset classes. Managers are reviewed on a quarterly basis and rewarded based on their performance.

19. (C) Kenneth Shen, a Harvard-educated former investment banker, is head of the fund's Strategic and Private Equity division. This branch has undertaken a number of co-investments with other funds and firms. Navid Chamdia, a former Ernst and Young project finance advisor, heads the Real Estate section. Direct real estate investments have been one of the most reported-on aspects of the QIA's activity. HBJ takes a personal interest and stake in coordinating many projects, and much of the QIA's investments in this sector are overseen by subsidiary companies, such as

Qatari Diar (a 100 percent QIA-owned company which invests in real estate projects in Qatar and abroad). Kamal told Treasury Secretary Paulson in June that the QIA was creating a USD 2 billion fund to invest in U.S. real estate.

¶10. (SBU) Other significant officials include Ahmad Al-Sayed, Director of the Legal Department and Secretary to the Board, and Arif Sherani, the Director of Investment Strategy. Sherani reportedly oversees coordination of investment priorities and has noted publicly that the QIA is currently focusing on financial services and real estate companies, with a lower emphasis on retail services, such as Sainsbury's.

¶11. (SBU) From Emboffs' experience, the fund's employees are a mix of Western and South Asian investment professionals, with Qatari officials providing overall control and direction. QIA has hired at least a small number of young Qatari employees at the entry level and is sending them to fully-funded educational programs in the U.S. and elsewhere. The QIA also retains several legal firms in countries where it invests for advice on applicable laws and regulations. For example, U.S. law firm White and Case LLP is advising on investment best practices.

Comment

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¶12. (C) Understanding the QIA's decision-making apparatus is complicated by the fact that it is a new fund, managed by a small number of senior officials serving simultaneously in other government capacities, and still finding its way in the world of international finance. Lower-level employees only have access to compartmentalized information on the fund and often have conflicting views on how decision-making works. QIA's mid-level officials seem to be slowly opening up to

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making public comments about the fund, particularly as they see that the management of external perceptions is important to QIA's success.

RATNEY